



1983

ANNUAL REPORT FOOD FAIR PROPERTIES, INC.



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TRANSFER AGENT Registrar & Transfer Co.; 15 Exchange Place, Jersey City, N. J., 07302

SAMUEL FRIEDLAND, *President and Director*
JACK M. FRIEDLAND, *Vice President and Director*
RALPH BIERNBAUM, *Vice President and General Manager*
SAMUEL STEIN, *Treasurer*
EDWARD MANN, *Secretary*
D. FREDERICK BARTON, *Director*
GEORGE FRIEDLAND, *Director*
HESS KLINE, *Director*
WILLIAM G. KURTZ, JR., *Director*
MYER B. MARCUS, *Director*
ARTHUR ROSENBERG, *Director*
LOUIS STEIN, *Director and Chairman of Finance Committee*
LEOBE CHAIMSON, *Assistant Secretary*
NORMAN M. KRANZDORF, *Assistant Secretary*



ANNUAL REPORT FOOD FAIR PROPERTIES, INC.



1963 **1962**
 (Year ended December 31)

Total income	\$9,568,422	\$8,281,592
Cash flow*	\$2,697,289	\$2,413,206
Permanent mortgage amortization paid from cash flow	\$1,514,914	\$1,214,967
Depreciation charged to expense	\$2,376,529	\$2,072,611
Net income	\$ 225,579	\$ 175,281
Number of centers in full operation	35	34
Number of centers in partial operation or under construction	3	4
Gross rentable area in operation	5,300,000 sq. ft.	5,000,000 sq. ft.

*Represents net income plus depreciation and deferred taxes on income



HIGHLIGHTS

Your Company in 1963 continued to establish new records in rental income and in cash flow. A significant accomplishment was the completion of the Cobb County Center in Atlanta, Georgia, the first in the Company's program for developing regional shopping centers in cooperation with major department stores. Development of a second center in Beloit, Wisconsin, is underway, with its opening now planned for 1965.

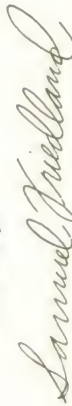
During the year, the Company continued to reduce its mortgage indebtedness and build up shareholder equity in its shopping centers. Since the founding of the Company, over \$5.3 million of such indebtedness has been repaid. Shareholder equity, based on book value, was \$9,597,000 at the year end.

A most significant development in the Company's affairs in 1963 was the decision to diversify its activities into related real estate fields. Consistent with this policy, Food Fair Properties has entered into the urban redevelopment industry. The Company, in association with a partner long established in the field, has been appointed by the City of Newark, N. J., as the Sponsor for The Newark Plaza Redevelopment Program.

As it has stressed from its founding in 1955, Food Fair Properties bases its progress on the belief that success in real estate undertakings is predicated upon sound financing, sound development and sound operation. The fruits of this conservative emphasis have been an enviable financial stability in an industry marked by its volatility.

As in the past, your management extends sincere thanks to its merchant tenants, its business associates, employees and its shareholders for their continuing support and cooperation. In the expectation of such sustained support, your management looks forward to another year of progress.

Sincerely,



Samuel Friedland, *President*

April 13, 1964



**TO OUR
SHAREHOLDERS**

1963

REVIEW OF OPERATIONS

Your Company rounded out eight full years of operations in 1963 by establishing new highs in rental income, total rentable area in operation and cash flow. Net income also was higher than the previous year.

Rental income in 1963 reached \$9,088,787, a gain of 14% over the \$7,971,866 realized the previous year. Total income, which includes land sale profits and related items, rose to \$9,568,422 from \$8,281,592 in 1962.

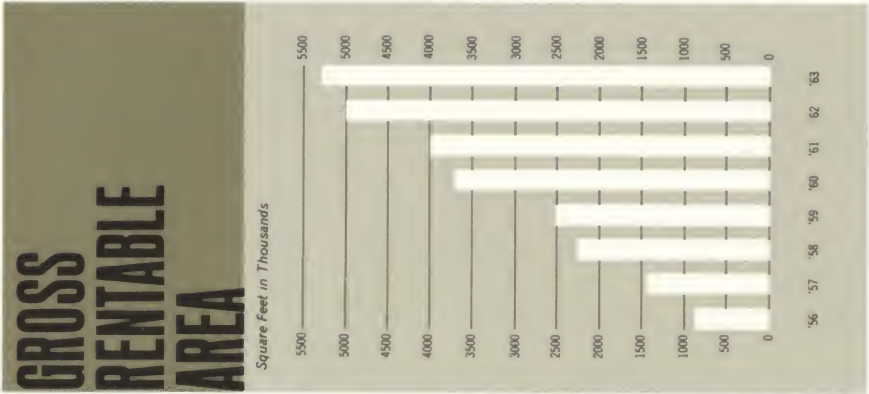
Your Company's large regional shopping center in Atlanta, Georgia, the first center to be opened under a program being undertaken in conjunction with leading department stores, was opened in September, 1963. It brought to 35 the number of shopping centers in the Food Fair Properties chain and to 5.3 million the number of square feet of rentable area in operation. Another shopping center in this program, in Beloit, Wisconsin, is currently under construction, and its opening is now scheduled for early 1965. The first section of a large shopping center in Stratford, N. J., now partially open, is scheduled to be completed within a few months. This section will have 135,000 square feet of rentable area.

Total assets of your Company at the year end amounted to \$94,925,284.

Cash Flow Shows Increase

Higher rental income, increased depreciation and a rise in profits derived from the sale of land led to the establishment of another new record high in cash flow. The total cash flow for the year was \$2,697,289, which compares with \$2,413,206 the year before.

Since its establishment in 1955, Food Fair Properties has derived income, in addition to that accruing from the operation of



shopping centers, when it has sold excess land at a profit. Such land sales arise because the many parcels of land which normally are assembled to create a shopping center tract almost always include additional land beyond that needed for the center itself. In the development of the shopping center, the excess land frequently becomes attractive for other projects and can be sold at a profit. Land sale profits in 1963 amounted to \$165,377, compared with \$35,440 the year before.

After deducting non-cash charges against income, including depreciation and reserves for deferred income taxes, which totaled \$2,471,710, net income in 1963 amounted to \$225,579, against \$175,281 the year before.

In computing federal income taxes, Food Fair Properties has chosen in many cases to use accelerated depreciation schedules permitted by the Internal Revenue Service. For annual report purposes, taxes are computed on the basis of straight line depreciation schedules and the liability determined in this computation is applied to a reserve for deferred taxes. No federal income taxes are due on 1963 income.

Financing

Total mortgages outstanding at the year end amounted to \$49,386,632, compared with \$49,091,547 the previous year. Mortgage reductions in 1963 amounted to \$1,515,000, compared with \$1,215,000 in 1962. Since the Company began operations in late 1955, mortgage reductions have approximated \$5,342,000. A \$3.5 million term loan, used to finance a portion of construction costs of regional shopping centers, was reduced to \$2.8 million during the year.

Capitalization

There were outstanding at the year end 20,000 shares of 6% cumulative preferred stock and 7,576,899 shares of common stock. Dividends on the preferred stock totalling \$120,000 were paid during the year. The increased number of common shares reflects principally the exercise of stock options on 15,000 shares during the year.

Shareholders at December 31, 1963, numbered close to 12,500.

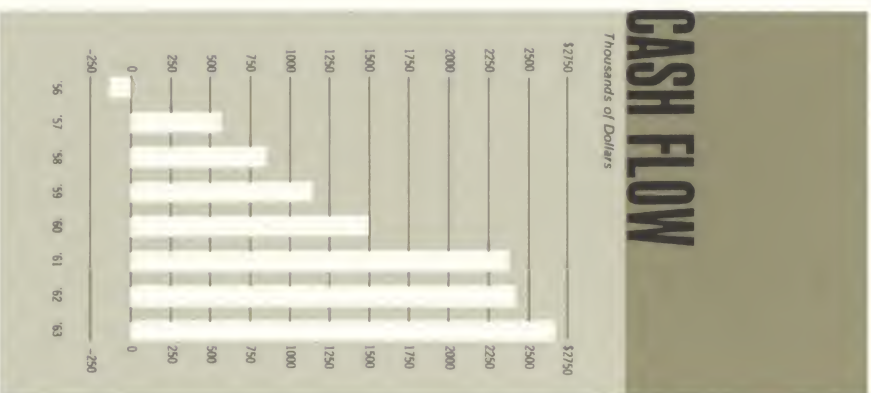
Diversification—Urban Redevelopment

A big step forward in Food Fair Properties' diversification program was taken by the Company in entering the field of urban redevelopment. Designated as Sponsor of The Newark Plaza Redevelopment Program, the Company is undertaking a project comprising 22 acres in the heart of downtown Newark, N. J., opposite the Pennsylvania Railroad Terminal. Involved in this project will be \$50,000,000 or more of industrial, commercial and high-rise residential buildings together with parks and plazas, parking and civic facilities.

The goal of both the City and your Company is to proceed on the project with all possible speed. Planning is now well underway and negotiations with prospective tenants have begun.

Management Changes

At their annual meeting in May, 1963, shareholders elected as a director of the Company D. Frederick Barton, partner in the investment banking firm of Eastman Dillon, Union Securities & Co. Mr. Barton succeeded William G. McKnight, Jr., a director since



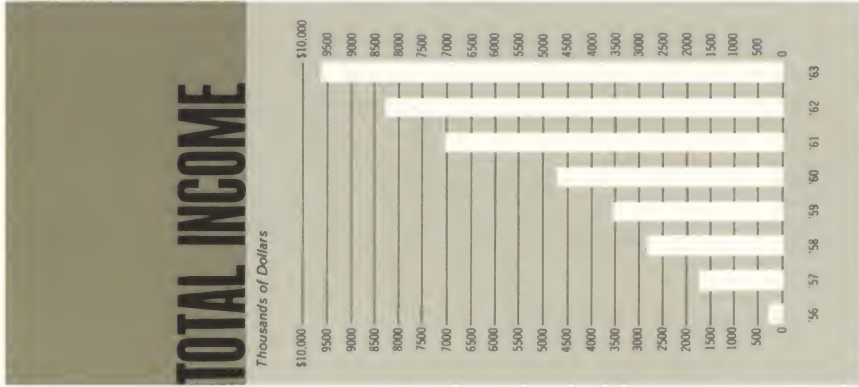
the Company's founding, who resigned because of the press of other commitments.

Outlook

In the current year now underway, the first section of the new Stratford, N. J. shopping center will be completed and fully open and construction will be underway in Beloit, Wisconsin, on the second of your Company's regional shopping centers built in conjunction with major department stores. In addition, preparations will be made for entry into the urban redevelopment field in Newark, N. J. These and other projects now being evaluated present for Food Fair Properties both a challenge and an opportunity to which your management looks forward with confidence.

Annual Meeting

The annual meeting of Food Fair Properties, Inc., will be held on May 5, 1964, at 2 P. M., Eastern Daylight Time, in the Meeting Room of the Food Fair Building at 3175 John F. Kennedy Blvd., Philadelphia, Pa. Shareholders are cordially invited to attend.





One of the most attractive shopping centers along the eastern seaboard, Cobb County Center in Atlanta, Ga., was opened in August, 1963. A regional shopping complex, it was developed in cooperation with Rich's department store and has facilities for 38 tenants. Physical features enhancing consumer visits to the center are a Japanese sunken garden and a landscaped main mall with a canopied walk for all-weather shopper protection (top photo).

CONSOLIDATED STATEMENT OF

FINANCIAL CONDITION

Food Fair Properties, Inc., and Subsidiary Companies

DECEMBER 31, DECEMBER 31,
1963 1962

Cash	\$ 331,682	\$ 253,753
Mortgages, notes and accounts receivable (note 4)	6,491,687	5,943,172
Investment in and advances to affiliated company, not consolidated	96,945	174,046
Property and equipment, at cost:		
Land (note 1)	12,659,370	13,894,232
Buildings, less accumulated depreciation—1963, \$9,560,816; 1962, \$7,241,868	69,362,005	65,983,935
Fixtures and leasehold improvements, less accumulated depreciation—1963, \$149,665; 1962, \$100,220	368,019	341,130
Construction in progress (note 2)	1,059,018	1,584,804
Deferred charges and other assets:		
Unamortized bond discount and expense	2,285,355	2,448,042
Deposits (note 3)	909,014	26,336
Miscellaneous	1,362,189	1,275,115
Total assets	<u>\$94,925,284</u>	<u>\$91,924,565</u>
Notes payable—banks	\$13,304,829	\$11,678,300
Notes payable—others	2,920,000	1,775,000
Accounts payable for construction	754,311	1,426,019
Accrued interest payable	517,069	525,297
Other accounts payable and accrued expenses	268,403	326,635
Tenants' indemnity deposits	319,693	336,159
Deposits on sale of land and dwellings (note 1)	79,000	54,628
Mortgages payable (approximate amount due within one year—1963, \$2,616,380; 1962, \$2,406,630)	49,386,632	49,091,547
Deferred Federal and State income taxes payable (relating to accelerated depreciation)	713,525	618,344
Twenty-year 5½% subordinated debentures, due September 15, 1975, net of bonds reacquired and held in treasury—1963, \$128,500; 1962, \$120,400 (note 5)	7,519,450	7,531,900
Twenty-five-year 6% collateral trust bonds, due June 15, 1984, net of bonds reacquired and held in treasury—1963, \$135,000; 1962, \$219,000 (note 6)	7,030,000	7,080,000
Deferred rental income	514,905	—
Total liabilities	<u>\$83,327,817</u>	<u>\$80,443,829</u>

Capital Stock:

6% cumulative preferred, par \$100; authorized, issued and outstanding 20,000 shares	\$ 2,000,000	\$ 2,000,000
Common, par 1¢; authorized 12,500,000 shares; issued and outstanding—1963, 7,576,899 shares; 1962, 7,561,897 shares (notes 7 and 8)	75,769	75,619
Capital in excess of par value	9,079,614	9,068,612
Retained earnings	442,084	336,505
Total stockholders' equity	<u>\$11,597,467</u>	<u>\$11,480,736</u>
Total liabilities and stockholders' equity	<u>\$94,925,284</u>	<u>\$91,924,565</u>

LIABILITIES:

STOCK-HOLDERS' EQUITY:

CONSOLIDATED STATEMENT OF CAPITAL IN EXCESS OF PAR VALUE

Food Fair Properties, Inc., and Subsidiary Companies

<i>For the year ended December 31, 1963:</i>	
Balance—January 1, 1963	\$9,068,612
Excess over par value of proceeds received from the sale and issuance of 15,002 shares of common stock	14,857
Costs incident to registration of common stock subject to purchase upon exercise of outstanding warrants	(3,855)
Balance—December 31, 1963	<u>\$9,079,614</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

<i>For the year ended December 31, 1963:</i>	
Balance—January 1, 1963	\$336,505
Net income for the year ended December 31, 1963	225,579
Total	\$562,084
Less: Preferred stock dividends paid in cash	120,000
Balance—December 31, 1963	<u>\$442,084</u>

CONSOLIDATED STATEMENT OF OPERATIONS

Food Fair Properties, Inc., and Subsidiary Companies

	Year Ended December 31, 1963	1962
Income:		
Rents	\$9,088,787	\$7,971,866
Interest	211,950	191,380
Profit on sale of land and dwellings	165,377	35,440
Miscellaneous	102,308	82,906
Total income	<u>\$9,568,422</u>	<u>\$8,281,592</u>
Expenses exclusive of depreciation:		
Interest	\$4,339,228	\$3,943,051
Amortization of bond discount and expenses	152,095	152,724
Rents	249,735	256,048
Real estate taxes	1,300,369	1,155,310
Other	2,284,420	2,118,763
Total	<u>\$8,325,847</u>	<u>\$7,625,896</u>
Less: Amounts transferred to property accounts for acquisition, construction and carrying charges	1,464,296	1,763,280
Net expenses exclusive of depreciation	<u>\$6,861,551</u>	<u>\$5,862,616</u>
Net income before depreciation	\$2,706,871	\$2,418,976
Depreciation	2,376,529	2,072,611
Net income before taxes on income	\$ 330,342	\$ 346,365
Taxes on income	104,763	171,084
Net income	<u>\$ 225,579</u>	<u>\$ 175,281</u>



NEW YORK
PHILADELPHIA
HARRISBURG
WILKES BARRE
LEWISTOWN

Food Fair Properties, Inc.
Philadelphia, Pa.

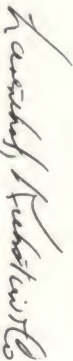
LAVENTHOL, KREKSTEIN & CO.

Certified Public Accountants

1528 WALNUT STREET
PHILADELPHIA, PA.

We have examined the consolidated statement of financial condition of Food Fair Properties, Inc. and its wholly-owned subsidiary companies as at December 31, 1963, and the related consolidated statements of operations, capital in excess of par value and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the year ended December 31, 1962.

In our opinion, the accompanying consolidated statement of financial condition and the related consolidated statements of operations, capital in excess of par value and retained earnings present fairly the consolidated financial position of the companies at December 31, 1963, and the consolidated results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.


Certified Public Accountants

Philadelphia, Pa.
March 25, 1964

NOTES TO FINANCIAL STATEMENTS

The following notes are applicable to the financial statements as at December 31, 1963. Reference is made to previously issued report for the notes applicable to the statements as at December 31, 1962.

1—DEPOSITS ON SALE OF LAND: These deposits are in connection with three agreements for the sale of certain land at approximately \$300,000 in excess of cost.

In January, 1964, the company entered into three additional agreements to sell certain land at approximately \$175,000 in excess of cost.

2—CONSTRUCTION IN PROGRESS: This amount represents expenditures for building construction, the cost of which, when completed, will approximate \$6,700,000.

3—DEPOSITS: Deposits include \$850,000, held in escrow, pursuant to a ground lease agreement, in connection with a mortgage loan to the company on both the land and buildings.

4—MORTGAGES, NOTES AND ACCOUNTS RECEIVABLE: This amount includes a receivable from Major Realty Corporation of \$1,978,788, for principal and interest, due March 10, 1964, which is secured by certain of its properties and assets. To date, payment has not been made.

5—TWENTY-YEAR 5½% SUBORDINATED DEBENTURES: These debentures are subject to redemption through sinking fund provisions. The company is required to redeem annually the lesser of \$150,000 principal amount of debentures, or 10% of consolidated net income for the next preceding year, after deduction for dividends on the 6% preferred stock. The bonds reacquired and held in treasury may be used to satisfy sinking fund requirements, which in 1964 will approximate \$10,500.

The indenture relating to these debentures contains certain restrictions as to the payment of cash dividends on common stock and the redemption of any shares of capital stock. At December 31, 1963, the maximum amount of capital so restricted was \$4,366,519. Under the terms of a supplemental indenture dated October 30, 1956, these debentures are subordinated to unsecured bank or construction loans.

A title insurance company is holding \$100,000 of debentures, reacquired and held in treasury, in escrow as indemnity for

alleged title exceptions, which are being contested.

6—TWENTY-FIVE-YEAR 6% COLLATERAL TRUST BONDS: These bonds are secured by a joint and several mortgage on four shopping centers.

The company may, at its election, redeem the bonds, in whole or in part, at various percentages of principal, the highest of which is 100.5%.

These bonds require semi-annual sinking fund payments, as follows: through June 15, 1966, \$67,000; thereafter, through June 15, 1971, \$90,000; thereafter, through June 15 1976, \$121,000; thereafter, through June 15, 1981, \$162,000; thereafter, through December 15, 1983, \$204,000.

Bonds reacquired and held in treasury may be used to satisfy sinking fund requirements.

7—OPTIONS TO PURCHASE COMMON STOCK: On September 1, 1955, the company granted to its general manager an option, subject to certain conditions and restrictions, to purchase 150,000 shares of common stock at \$1 per share, at the rate of 15,000 shares annually between September 1, 1956 and September 1, 1964, 15,000 shares between September 1, 1964 and April 1, 1965, and 15,000 shares thereafter to September 1, 1965. To December 31, 1963, 105,000 shares had been purchased under the terms of this agreement.

On May 4, 1961, the company granted an option to an employee, subject to certain conditions, to purchase a total of 10,000 shares of common stock at \$3.625 per share (representing 85% of the fair market value on said date). The option may be exercised to the extent of 2,000 shares per year, but not later than May 3, 1966, when it expires. To December 31, 1963, the option had not been exercised.

8—WARRANTS TO PURCHASE COMMON STOCK: Warrants to purchase 750,000 shares of common stock at \$3.50 per share through June 15, 1969 were sold during June, 1959, in connection with the sale of \$7,500,000 of 6% Collateral Trust Bonds, due June 15, 1984. Warrants to purchase 1,552 shares were exercised to December 31, 1963, and warrants to purchase 748,448 shares are outstanding.

FOOD FAIR PROPERTIES, INC.

IN FULL OPERATION

as of December 31, 1963

PENNSYLVANIA

Lawrence Park Shopping Center, Broomall
Shillington Shopping Center, Shillington
Flourtown Shopping Center, Flourtown
Stefko Boulevard Shopping Center, Bethlehem
Lancaster Shopping Center, Lancaster
Feasterville Plaza, Feasterville
Parkway Shopping Center, Allentown
Abington Shopping Center, Abington
Colonial Park Plaza, Harrisburg
Pennypack Circle Shopping Center, Philadelphia
Keyser-Oak Plaza, Scranton
Cloisters Shopping Center, Ephrata

NEW YORK

Pearl River Shopping Center, Pearl River
Baldwin Shopping Center, Baldwin, Long Island

MARYLAND

Brooklyn Park Plaza, Brooklyn Park
Arbutus Shopping Plaza, Baltimore
Liberty Road Shopping Center, Baltimore
Reisterstown Road Plaza, Baltimore
Eudwood Plaza, Baltimore

NEW JERSEY

Middletown Shopping Center, Middletown
Route 18 Shopping Center, Old Bridge
Colonia Shopping Center, Colonia
Ellisburg Circle Shopping Center, Delaware Twp.

FLORIDA

163rd Street Shopping Center, North Miami
West Hollywood Shopping Plaza, West Hollywood
Crossroads Shopping Center, St. Petersburg
Norwood Shopping Center, Miami
Philips Highway Plaza, Jacksonville
Edgewater Shopping Center, Orlando
Merritt Island Shopping Center, Merritt Island, Cocoa

CONNECTICUT

Colony Shopping Plaza, Wallingford
Bayview Shopping Center, Bridgeport
Boston Avenue Shopping Center, Stratford

VIRGINIA

Walnut Hill Plaza, Petersburg

GEORGIA

Cobb County Center, Atlanta

PARTIALLY OPEN OR UNDER CONSTRUCTION

PENNSYLVANIA

Stadium Shopping Center, Scranton

NEW JERSEY

Stratford Shopping Center, Stratford

WISCONSIN

Beloit Shopping Plaza, Beloit





FOOD FAIR PROPERTIES, INC.